LAWLER, METZGER & MILKMAN, LLC

ORIGINAL

1909 K STREET, NW
SUITE 820
WASHINGTON, D.C. 20006

EX PARTE OR LATE FILED

GIL M. STROBEL
DIRECT (202) 777-7728

PHONE (202) 777-7700
FACSIMILE (202) 777-7763

September 21, 2001

RECEIVED

SEP 21 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND

Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TW-A325
Washington, D.C. 20554

Re: ***Ex Parte Presentation***
In the Matter of Provision of Directory Listing Information Under the Telecommunications Act of 1934, As Amended, CC Docket No. 99-273

Dear Ms. Salas:

On September 21, 2001, Gil Strobel of Lawler, Metzger & Milkman, LLC, counsel to Telegate, Inc., sent a copy of the attached Oftel Statement to Greg Cooke and Rodney McDonald of the Common Carrier Bureau's Network Services Division for their review in the above-referenced proceeding.

Pursuant to section 1.1206(b)(1) of the Commission's rules, 47 C.F.R. §1.1206(b)(1), an original and one copy of this letter are being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,

Gil M. Strobel

Enclosure

cc: Greg Cooke
Rodney McDonald

No. of Copies rec'd 0+1
List ABCDE

Oftel
Office of Telecommunications

Access codes for directory enquiry services

A statement issued by the
Director General of Telecommunications

19 September 2001

Office of Telecommunications
50 Ludgate Hill
London EC4M 7JJ

Tel: 020 7634 8700
Fax: 020 7634 8943
www.oftel.gov.uk

Contents

Summary

S.1 Directory enquiry (DQ) services are an important tool for both residential and business consumers. They enable consumers to make the fullest use of telecommunications services and so bring benefits to the industry and the wider economy.

S.2 Consumers in the UK currently have no real choice over who provides their directory enquiry (DQ) service. This statement sets out proposals for increasing that choice and to encourage more varied, higher quality and lower cost services following Oftel's consultation on the future regulation of DQ access codes issued in November 2000.

S.3 At present, UK consumers are only able to access the DQ service provided by their network operator, generally by dialling 192. There are few value-added services, variable quality of service and, in practice, no real price competition.

S.4 Oftel's consultation presented three options for the future regulation of DQ services (detailed on pages 5 and 6). Oftel has concluded that the best way to deliver increased quality, choice and value for money is to withdraw the existing national and international DQ codes which tie consumers to one provider. In future, Oftel will allocate five digit numbers beginning with 118 to individual DQ service providers who wish to provide a paid for national and/or international DQ service.

S.5 By promoting the most competitive environment for DQ services, Oftel expects to see a wide range of innovative new services for UK consumers. These are likely to include

- 'call completion' facilities so that an enquirer can be directly connected to the number requested;
- combined classified and standard services behind one number, so that an enquirer can ask for the numbers of all relevant businesses as well as the number of a named business;
- services in a range of languages for tourists and minority ethnic communities.

Putting all DQ service providers on an equal footing will also promote increased quality of service and price competition.

S.6 A number of other European countries have already implemented similar arrangements. Consumers in those countries are benefiting from the wider range of services now available. Implementing these changes has not proved problematic for consumers or the industry.

S.7 Oftel believes that the other options would not exert the necessary competitive pressure on network operators' offerings and so would result in fewer, if any benefits

to consumers. Indeed, the other options are unlikely to improve on the current arrangements, where there has been no effective market entry and hence reduced consumer choice.

S.8 Oftel recognises that 192 is well known. It has only decided to withdraw the number after clearly establishing that the benefits to consumers resulting from the change outweigh any initial confusion. Oftel's own market research found that over 60% of consumers would be either content or unconcerned if 192 was withdrawn. Furthermore, advertising by new entrants will ensure that consumers are fully aware of the new numbers.

S.9 Before the proposed change can take place, there will need to be further technical work to open the new number ranges and put in place the billing arrangements that will be necessary to enable consumers to make full use of the new services. Oftel will lead an industry working group to take forward the implementation of the proposals and hopes to see the new numbers active in the first half of 2002.

S.10 In order to enable a smooth transition and to allow consumers to become used to the introduction of new services, there will be a 12-month period of parallel running before 192 is withdrawn.

S.11 Oftel will maintain the 195 access code, used to provide a free voice DQ service to those customers who are unable to use a conventional paper directory.

Chapter 1

Introduction

1.1 All telephone companies which are directly connected to their customers must, as a condition of their respective licences, offer a directory enquiries (DQ) service. These companies can provide this service directly themselves or use the agency services of another DQ service provider, who may or may not be another network operator.

1.2 Oftel has already made significant changes to the way in which the directory market is regulated in the UK by allowing non-telecom operators access to core directory information. This introduced more competition in the wholesale or upstream directories market generally. But there is little choice in the DQ services available to 'retail' consumers. Experience in other telecoms markets demonstrates that competition creates a wider choice of services of a higher quality and with a corresponding increase in value for money.

1.3 The simplest way to introduce competition to the retail side of the market would be to assign short numbers, similar to 192 and 153, to those service providers wishing to offer DQ services. However, there are not enough of these short codes to go around and many are used for other important services (see '*Access codes: options for the future use ...*' at www.oftel.gov.uk/publications/numbering/acco0301.htm for further information).

1.4 There are alternatives to short access codes. Rival services could provide their DQ services over longer numbers, such as those reserved for premium rate services. However this is not an attractive option, as the need to use a much longer number than the very short and well known 192 code puts new entrants at a serious competitive disadvantage compared to existing networks. Hence, there has not been any significant market entry and no noticeable benefits to consumers.

1.5 To investigate how competition could be delivered directly to consumers, and what the impact of that competition would be, Oftel commissioned a cost benefit analysis (CBA). The CBA reported back in 2000 having identified 3 possible options for introducing competition to the DQ market. Each of these options was based on the 118 code recommended by the European Committee for Telecommunications Regulatory Affairs (ECTRA) as an appropriate pan-European standard for the provision of DQ services.

1.6 Oftel's November 2000 consultation asked stakeholders to consider the benefits of the options for consumers. The consultation also invited stakeholders to put forward alternative options and to answer a number of questions relating to the future provision of DQ services. These questions and a summary of the responses to them are detailed in annex B.

1.7 The 3 options identified in the CBA and used in Oftel's consultation were:

Option 1: introduce a new 118 XX(X) number range for DQ service providers, keep 192 for network operators' DQ service;

Option 2: introduce a new 118 XX(X) number range for DQ service providers, with a standard number ('a default code' eg 118 00) for network operators' DQ service. Withdraw 192; or

Option 3: introduce a new 118 XX(X) number range for DQ service providers and network operators, no default code and 192 withdrawn following a period of parallel running.

1.8 Oftel's conclusions and suggested timetable for moving forward are detailed in Chapter 2.

Oftel's market research

1.9 In November 2000, Oftel included questions on residential consumers' use of directory enquiry services in its quarterly research. The research was published in February 2001 (see www.oftel.gov.uk/publications/research/2001/q3fixr.htm).

1.10 The survey results indicate a marked ambiguity in attitude towards 192. When consultees were asked if they would prefer to keep 192 or see a new number range 118XX(X) with alternative services, 59% said they would prefer to keep 192. However, when asked how concerned they would be if 192 was withdrawn, 65% said that they would be either satisfied or unconcerned. Moreover, only 25% of consumers regarded the existing service as providing good value for money.

1.11 In addition, Oftel believes that most UK consumers are unaware of the potential the range and ease of access to new services which are enjoyed by consumers in other countries which have fully liberalised the provision of DQ services.

1.12 Furthermore, Oftel considers that the lack of concern consumers would appear to have about the withdrawal of 192, suggests that any change should not prove too problematic for consumers and that moves to introduce a truly competitive environment, based on the experience of consumers in other countries, are fully justified.

Chapter 2

Oftel's conclusions and the way forward

2.1 Oftel's goal is to ensure that consumers receive the best deal in terms of choice, quality and value for money in telecoms services.

2.2 Competition is the best way to deliver this goal for Directory Enquiries as for other services. UK consumers currently lack the range of choice available in those countries with highly competitive DQ markets. Oftel considers that Option 3 is the most pro-competitive option, and in terms of the companies involved, the only option that ensures equality in relation to the allocation of new numbers.

Competition in Directory Enquires – the German Experience

- the market was fully liberalised in 1999 following 15 months of parallel running;
- by 2000, 39 numbers assigned had been assigned to 28 companies for national DQ (including services in German, Turkish and English); and
- 10 numbers were in service for international DQ.

Consumer use of these new services:

- biggest rival to Deutsche Telecom (the German incumbent) has gained 25% of the market;
- other operators handle over 100,000 calls per day; and
- the German regulator received no complaints about the withdrawal of the old DQ default code.

Competition on type, quality and price of service:

- *type of service*: call completion facilities were introduced, combined standard and classified DQ are offered behind one number and foreign language services;
- *quality of service*: a number of service providers ensure that requested numbers are given out by human operators rather than recorded announcements and it is claimed that the volume of unanswered calls are decreased dramatically since the end of the pre-competitive arrangements; and
- *price competition*: there is between 25% to 30% variation in the prices charged for access to these services.

According to the German regulator:
"Customers presumably welcome the wide variety of directory enquiry services on offer today, and in particular value the additional services offered since the segment was opened up to competition."

2.3 Oftel believes that consumer confusion should be limited in time and extent and that the benefits in terms of the range, quality and price of services available shall be marked. Responses to the consultation demonstrated that most consumers in other countries which have adopted Option 3 type regimes are able to recall the new numbers without any difficulty. The responses also demonstrate that those consumers make use of the new services that are on offer. Furthermore, Oftel's own market research suggests that consumers have no special attachment to the 192 access code.

2.4 Oftel can see no reason why DQ services should only be provided by network operators - indeed many use the services of specialist DQ service providers to offer their own branded DQ service. Oftel believes that consumers will gain the most benefit from having a range of new and competing DQ services available on all networks, whether fixed or mobile.

2.5 Oftel appreciates the concerns of those consumer representatives who responded to the consultation, namely that any withdrawal of 192 without any significant market entry on the part of new DQ service providers would be likely to confuse consumers without providing any benefits. Oftel believes the evidence from other European countries, such as Germany and Ireland, suggests that there will be a number of specialist providers eager to enter the market and that they will provide UK consumers with the same types of innovative services on offer abroad.

Timetable for implementation

2.6 In order to ensure that the new arrangements are put in place in as efficient manner as possible, Oftel will form an industry working group to progress the detailed implementation work. Oftel will invited all interested parties, both network operators and independent DQ service providers to attend a meeting at Oftel in the Autumn to form the working party and agree the high level timetable. Oftel would welcome the participation of consumer representatives.

2.7 Oftel believes that the industry may need up to 4 months in order to open the numbers on the various networks in place. In parallel with any technical work needed to make the new numbers available, arrangements need to be put in place on billing of DQ services

Billing arrangements

2.8 Oftel does not believe it is possible for DQ service providers to bill for their services independently as the volume of DQ calls made by some consumers would not cover the administrative costs associated with sending out a separate bill (this is equally true for many other services accessed via revenue sharing numbers.) Consumers would also benefit by continuing to receive their bill for DQ services on one bill.

2.9 Oftel therefore expects the industry to come to equitable arrangements that will allow access to all DQ services on all networks and believes that the revenue sharing arrangements in place for Premium Rate Services demonstrates that this should be possible.

2.10 Oftel does not believe it acceptable for consumers to have their choice restricted because of delays in reaching agreement on billing arrangements. If industry is unable to reach the appropriate agreements needed to benefit consumers by giving them a full range of DQ options on one bill, Oftel will identify and take the further steps necessary to achieve this goal. Oftel expects discussions on billing to be completed so as to allow the new services to be available as soon as possible in 2002.

Transitional arrangements

2.11 Oftel considers that network operators should include an advisory message on their existing 192 service in the months leading up to the withdrawal of the 192 access code. In addition, once the new number range is available, DQ service providers will be advertising their own numbers. The 12 months of parallel running should ensure consumers are well aware of the new services. Oftel considers that it would be advisable for network operators to continue network announcements for some time after the 192 code is withdrawn.

Number allocation

2.12 Oftel's standard procedure is for numbers to be allocated on a 'first come first serve basis'. However, the opening up of a new number range, rather than drawing from a pool of existing numbers, calls for a slightly modified approach. If this were not the case, there could be a rush from the moment the numbers are designated as being available for assignment and it might be difficult to fairly determine who was genuinely first in applying for a particular number.

2.13 Oftel believes that it would be sensible to set a one week period for initial applications. Any numbers claimed by only one party would be allocated to them. Any numbers requested by more than one party would need to be drawn and assigned at random. Losing claimants would then be allocated their second choice (provided it was available, ie had not already been allocated as someone else's first preference). If neither a first or second choice is available for allocation, Oftel would contact the applicant to discuss what codes remain available. Following this initial wave of applications, codes could be assigned on the standard 'first come first served' basis.

2.14 However, Oftel will discuss this method with the industry working group to confirm there are no substantial reasons for not taking this approach. It is likely that, once discussions with industry are complete, numbers could be allocated towards the end of 2001.

2.15 To be eligible to apply for an allocation of numbers, applicants must be licensed under the Telecommunications Act 1984. In the past, this has meant that only those licensed individually could be granted numbers, but Oftel is extending this to include those applicants whose services are covered by a class licence, such as the Telecommunications Services Class Licence ('TSL'), and the International Simple Voice Resale ('ISVR') Class Licence. This is now reflected in the proposed new numbering Conventions (see www.oftel.gov.uk/publications/numbering/index.htm).

2.16 In addition, applicants would be expected to demonstrate the purposes (ie the services) for which they were going to use the number. For example, a network operator might apply for more than one set of numbers, this would be acceptable providing it could demonstrate that it was doing so on behalf of a number of non-licensed DQ service providers. In accordance with the Numbering Conventions, any numbers that are not used within a reasonable period of time will be withdrawn from the company to whom they had been allocated and made available to other licensed DQ service providers.

Payphones

2.17 It is clearly desirable that, in the long term, the full range of competing DQ services are available from all BT's payphones. However, the technical difficulties associated with updating all payphones, especially the less commonly used ones, will mean that the process will necessarily take some time. Oftel will agree with BT a timetable to upgrade payphones to provide the new number ranges as part of BT's overall modernisation programme. It is anticipated that any confusion should be minimised by means of amending the comprehensive notices which appear in BT's payphones.

195 for blind or otherwise disabled consumers

2.18 Network operators are obliged, under the conditions of their licences, to provide a free DQ service for those customers who are unable to use a directory in the form which is generally available to other consumers (such as a paper directory). The '195' access code is currently assigned to the provision of such free DQ services for those consumers. Two respondents queried the future of 195 should there be any changes to 192, voicing a concern that a longer code may be difficult for blind people. Oftel has no intention of withdrawing the 195 access code.

Annex A

List of Respondents

Responses were received from 36 organisations and individuals (one was sent in confidence), namely:

118 Ltd
BT
Consumer Communications for England
Conduit
Communications Workers Union and Connect
Dave Wendon
Dial It Communications Ltd
DIEL – Telecommunications for the Disabled and Elderly
Dr John Marek, MP
Energis
Institute of Directors
Leicestershire and Rutland Telecommunications Advisory Committee (TAC)
Mr W J Knot
Mr W Rundle (forwarded to Oftel by WACT)
NACAB (National Association of Citizens' Advice Bureaux)
National Consumer Council
North Lancashire and South Cumbria TAC
Nottinghamshire Area TAC
One2One
Orange
Post Office Advisory Committee for Tayside
Redstone
RNIB
Russell Brown, MP
S R P Stratorg
Scottish Advisory Committee on Telecommunications (SACOT)
Scottish Enterprise – Dumfries and Galloway
Shropshire TAC
Sonera Info Communications Ltd
Telegate Ltd
Thomson Directories
Truro Area TAC
Vodafone
Welsh Advisory Committee on Telecommunications (WACT)
Whitby and District TAC

Annex B

Summary of responses

B.1 Oftel received thirty-six responses to its November consultation. Not all respondents addressed all of the questions asked. One response was sent in confidence. A further 2 responses were sent as 'comments on comments' following the end of the consultation period. A list of those who responded is set out in Annex A.

Q1 Which of the options (if any) do you prefer and why?

B.2 No one option attracted significantly greater support. The majority of responses favoured either Option 1 or Option 3. There was some limited support for no change at all, with very little support for Option 2 (some respondents advanced alternatives, which are discussed at the end of this Chapter.)

B.3 Those arguing for no change to the current arrangements cited the declining UK market for voice DQ calls and the potential for consumer confusion resulting from any change to established codes.

B.4 Support for Option 1 was generally based on the view that it would encourage new market entrants whilst at the same time minimising confusion by retaining192.

B.5 However, a number of respondents claimed that there was little likelihood of new entrant DQ service providers entering the market and offering an appealing product to consumers under any of the options, as consumers valued ease of access rather than the price of the service. Those respondents therefore believed that retaining the 192 code and therefore reducing consumer confusion was appropriate.

B.6 Support for Option 3 focused on the increased likelihood of benefits to consumers through the competition which a new number would provide. Those supporting Option 3 argued that competition would provide a range of benefits for consumers - as evidenced in other countries - including a wider range of services, with potentially higher quality and, in some cases, lower prices. They also opposed the inequality inherent in the other options (in that network operators would benefit either from the existing 192 code remaining or from a new default code).

B.7 Option 2 had some support, as a means of introducing a more competitive environment without causing much confusion to consumers. However, it was also seen by many as being an unwelcome compromise with the potential effect of both confusing consumers by the withdrawal of 192 and of reducing benefits to consumers by dampening competition.

Oftel's response

B.8 The view advanced by some of those supporting Option 1, that any other option would be too confusing for consumers, does not match the experience in other countries that have liberalised their access codes. Furthermore, the assertion that that consumers are not particularly interested in price and are unlikely to make use of new services is contradicted by experience in Germany and Ireland where consumers have made increased use of the wider range of DQ services offered in a competitive market. Oftel sees no reason why UK consumers would be any less likely to use such services.

B.9 It is Oftel's view that consumers gain most from Option 3. Countries that have liberalised in this way have experienced a growth in the range of services available to consumers and, in the case of Ireland, in the size of the overall market. Competing service providers have picked up significant market share and there has been competition on price. Oftel is not aware of such benefits to consumers elsewhere.

Q2 Do you feel that, on balance, withdrawing 192 (as in Options 2 and 3) would be to the benefit or detriment of consumers?

B.10 Those opposed to withdrawing 192 argued that consumers would be confused by the removal of such a well-known number. There was concern that there was little scope for competing providers to enter the market and hence that any changes would not result in clear benefits for consumers.

B.11 Other respondents argued that there would be consumer benefits in withdrawing 192 and cited the examples of other countries where default codes had been withdrawn and a number of rival providers had entered the market. These companies had gained substantial market shares, suggesting popularity of these services with consumers. Some argued that the withdrawal of default codes in other countries had not created consumer concern or confusion and indeed that the dominant network operators' service had improved in response to competitive pressures.

Oftel's response

B.12 Proposals to remove an existing access code give rise to scope for short term confusion. However the evidence provided in the responses to the consultation suggests that consumers will, despite any initial uncertainty, clearly benefit from the increased choice and the range of new services.

B.13 To retain 192 would provide network operators with a clear competitive advantage against new DQ service providers. Additionally, the current lack of competing DQ services operating behind longer, revenue sharing numbers, shows that new market entry would be deterred if 192 were retained alongside any new access code.

B.14 Retaining a 192 default code would be a compromise which, in Oftel's view, would fail to deliver the benefits associated with market liberalisation and may at the same time cause confusion because of the existence of the new code.

Q3 If the 192 code were to be removed, do you feel consumers would benefit most from a new default code (as in Option 2) or by having no default code (as in Option 3)?

B.15 Some respondents considered that a default code would make it easier for consumers to remember the number to dial for DQ services whichever network they were using. Other respondents argued that consumers would gain the greater benefit from the increased competition that they believed individual DQ number allocation would bring.

B.16 Not all of the respondents who had argued for either Option 1 or for no change at all, automatically moved to supporting the introduction of a new default code in the event of the withdrawal of 192. Some argued, that if 192 were to be withdrawn, then the most pro-competitive option should be selected.

B.17 In general, Option 2 was not seen by the majority of respondents as a useful means of benefiting consumers.

Oftel's response

B.18 Oftel is of the view that the absence of a new default code (as in Option 3) will, ultimately, provide more benefits to consumers.

B.19 An equal allocation of 118XX numbers will provide the most pro-competitive environment. Hence, consumers should benefit from the effects of competition in areas such as quality of service, range of services and value for money. Option 3 will also give network operators an added incentive to innovate with their own services.

B.20 In contrast, Option 2 would not only confuse consumers' existing understanding of DQ services but also, arguably, continues to provide network operators with a competitive advantage over independent DQ service providers. Oftel believes a 'clean break', of the type demonstrated by Option 3, would overall be less confusing.

B.21 This view is borne out by experience in other countries, where Option 3 type arrangements have resulted in significant marketing programmes as DQ service providers have sought to advertise their own numbers. Indeed, research shows that consumers in countries such as Germany, Austria and Ireland have had little trouble in recalling at least one of the new numbers on offer to them.

Q4 Do you have an opinion as to whether a 5– or 6-digit code for accessing Directory Enquiry services would be more appropriate?

B.22 Most respondents felt that a 5-digit code would be sufficient for dealing with the likely level of new entrants. A small number of respondents were concerned that with higher than anticipated entry in to the market that adopting 5– rather than 6-digit access codes may lead to a shortage in the future.

Oftel's response

B.23 From the expressions of interests which Oftel has received and by examining the number of DQ providers in other liberalised countries, Oftel does not believe it will be necessary to open a 6-digit code. Adopting 5-digits, will provide more than 90 numbers which Oftel believes will be sufficient. Limiting the 118XX number range to national and international DQ services only will ensure the most efficient use of such numbers and will minimise consumer confusion. Oftel will, however, keep the 1189X(X) range available to avoid the necessity for future changes.

B.24 Clearly if a larger number of potential DQ service providers indicate to Oftel that they wish to enter the market, then Oftel will reconsider allocating 118XXX numbers from the start.

Q5 Do you believe offering pre-selection of Directory Enquiry services would be of benefit to consumers?

B.25 In its consultation paper, Oftel advanced the view that Carrier Pre-Selection (CPS) would not be applicable with Option 3 because there is no default code. There was no clear disagreement with this view in the responses to the consultation.

B.26 For those respondents advocating or commenting on the possible implementation of one of the other options, there was no clear consensus about whether consumers would benefit from the inclusion of DQ within the CPS 'all calls' option.

Oftel's response

B.27 Oftel continues to believe that the inclusion of Option 3 DQ calls within CPS would be of no clear benefit to consumers. This is because under Option 3, there is no default DQ code: it would therefore be as easy for users to dial their own choice of DQ service provider as opposed to the PTO's choice.

B.28 Since the consultation period ended, Oftel has received representations from some operators advocating the inclusion of the existing DQ default code within CPS as part of any transition arrangements to a new DQ regime. Before this could happen, Oftel and the industry will need to discuss the proposal in some detail. Oftel would expect to see clear evidence demonstrating how consumers would benefit from such temporary proposals, how consumers would be informed about the changes and how such a development could be integrated in an efficient way with the move to the new permanent DQ arrangements. Oftel would also seek an understanding as to how such a proposal would impact upon the existing prioritisation of work, across the industry, within the overall CPS project. Oftel does not accept that inclusion of DQ services within the 'all calls' options would justify any slippage in the CPS timetable.

Q6 Do you feel that implementing 118XX(X) as an access code for DQ services is important or would a system based on 192XX(X) be an acceptable and desirable alternative?

B.29 The majority of respondents were either not in favour of the 192XX code or expressed no preference. Where there was support for 192XX, it focused on the benefits of using a code that retained some of the familiarity of 192. Those opposed to 192XX identified the lack of the availability of parallel running and inconsistency with other Member States as reasons for not supporting this alternative.

Oftel's response

B.30 Retaining the '192' code would only be desirable if consumers could also benefit from the range of choices/services that competition should bring. Evidence to date indicates that this is not possible with the retention of 192 or the existence of a default code. Whilst 192 XX might bring some of the anticipated benefits of competition, it would not bring the full range of benefits and would be at variance with numbering schemes adopted in a number of other community Member States.

B.31 One of the key factors in overcoming any consumer confusion should be the advertising by providers seeking to establish their brand. Any proposal, such as 192XX, which would not allow parallel running could reduce the timeframe available for and the effectiveness of these advertising campaigns. This is because there would be less utility in a provider advertising their 192XX number if consumers could not actually dial it until after the old number is withdrawn. It would not, therefore, allow for the smoothly managed change that Oftel intends through parallel running.

B.32 Oftel's view is that this suggests that a 'clean break' provided by the introduction of 118XX(X) is unlikely to prove seriously problematic for consumers and, because of the more prolonged marketing opportunities, will ultimately prove less confusing.

Q7 If Option 2 or 3 was progressed, how long do you think a period of parallel running should last? How would you envisage the parallel running working in practice?

B.33 There was a wide variation in the length of time proposed for any period of parallel running – with responses ranging from six months to three years. Some respondents argued that 192 should not be withdrawn until all phone books currently in circulation had the correct number range. Others suggested that users do not actually use parallel running and only change dialling behaviour at the last moment and that therefore the length of time involved is superfluous.

Oftel's response

B.34 A period of parallel running is important as it should provide an opportunity for all types of consumers to become conscious of the changes. Due to the expected large volume of advertising of new codes, Oftel expects that a 12 month period of parallel running should be sufficient to identify any problems on the network and to ensure the vast majority of consumers are aware of the range of services and associated new numbers.

B.35 Any users who dial 192 after the period of parallel running has expired should receive a message advising them that the number had changed.

Q8 If 192 were to be withdrawn, how should the new number range be publicised? How should the industry fund and manage a central information source and campaign and for how long?

B.36 The majority of respondents were of the view that DQ providers should take responsibility for advertising their own services. Some industry respondents advised that they would not be prepared to pay for or take part in any central campaign.

Oftel's response

B.37 The evidence provided by respondents suggests that each DQ service provider independently advertising its own service is the best means of raising awareness of new products and services and provides consumers with the necessary information on the services available. Each DQ service provider will a clear interest in making sure that consumers are aware of their particular number. Oftel does not, therefore, propose that the industry set up a central information campaign.

B.38 This is not a number change. Oftel will introduce a range of new numbers, with different services on those new numbers, rather than simply swapping an old code for a new code because of number shortages. So the 'Big Number' campaign is not an appropriate analogy

Q9 How should DQ calls from Payphones be tackled? Would it be acceptable if a number of BT's payphones could not access the full 118XX(X) range (if that range were implemented for other telephone lines)?

B.39 Most of those who responded in detail to this question felt that it would be important to ensure that, eventually, all payphones were able to access the full 118XX(X) range. A small number of respondents were concerned about possible alternative arrangements for payphones. However, it was noted that payphone users are already used to a different regime for DQ calls from payphones in some respects - the current charging structure for DQ calls from payphones is on a pence-per-minute basis, rather than the flat-rate offered from a standard land line, for example.

B.40 It was also noted that, at present, BT's payphones are not set up for 'flat-rate' charging (ie a one-off fee for the use of a service). There was concern expressed that if independent DQ service providers wished to offer such a tariff structure there may be implications in relation to the fraudulent use of payphones.

Oftel's response

B.41 All BT's publicly available payphones must provide access to DQ services and will continue to have to do so. Ideally all of these payphones should provide access to the same range of services as will be available on other land and mobile lines. In the long term, Oftel sees no reason why this should not be possible.

B.42 However, Oftel's initial view following the consultation is that it would not be appropriate to delay changes to the DQ access code and thereby deny consumers the benefits by waiting until every payphone in the country is upgraded to the requisite technical standard necessary to implement Option 3. Oftel does not believe that at present it would be practical or cost effective to ensure that all of BT's public payphones are upgraded to allow Option 3's immediate implementation. However, in the long term, advanced DQ services should be available from all of BT's public payphones. Oftel will work with BT to identify a suitable timetable.

Q10 How should any new number range be allocated to potential DQ service providers?

B.43 Most respondees advocated variations on a 'first-come first-served' method of allocation. There was also some limited support for the auctioning of numbers.

Oftel response

B.44 Oftel is content to allocate numbers on a first come first served basis. However, an exact replication of the current number allocation method may not be directly applicable, as an entirely new number range will need to be allocated. Oftel will invite all interested in applying for numbers to an industry meeting to confirm allocation procedures and processes. This will also assist Oftel in assessing demand for numbers.

Q11 Do you think the assumptions the CBA makes are valid? Are there other options that you think would be more appropriate?

B.45 A number of respondents criticised the CBA. Some felt it had been too pessimistic in its forecasts for a growth in DQ traffic, other respondents believed the CBA had been unduly optimistic in some of its forecasts. The majority of respondents did not have a view as to the accuracy of its assumptions.

Oftel's response

B.46 Oftel made it clear in the consultation document that it regarded the CBA as a useful tool but not as the final arbiter of which option should or should not be taken.

Other issues raised by respondents

Automated system behind 192

B.47 One respondent suggested that consumers should continue to dial 192, but be able to select their preferred choice of DQ service provider through an automated system. Oftel acknowledges that this idea has merit in that it would require no change to the existing number regime. However, there are significant practical difficulties. Consumers could be faced with different charging structures behind what would essentially be the same number. They would also have to deal with an automated system regardless of their choice of DQ service provider, and such systems are unpopular with many consumers. Indeed, one of the expected benefits of introducing competition will be a greater level of emphasis on quality of service. This may be manifest, for example, in some providers offering a guarantee that they will always have a human operator on hand to deal with consumer queries. There would also be issues surrounding who was to operate the system and what to do with consumers who did not wish to make a selection.

Internet services

B.48 A number of respondents noted the development of a variety of competing technologies to voice DQ. In particular, some respondents felt that the growth in Internet DQ services (which can be free at the point of use) would significantly reduce the market for voice DQ, and that consequently there would be no need to open up that market.

B.49 Oftel believes that there will continue to be a vibrant market for voice DQ for the foreseeable future. Furthermore, it would be inappropriate for Oftel to restrict competition in the provision of voice DQ because of assumptions about what may or may not happen in the future.

Provision of billing services by operators

B.50 A number of respondents argued that the inability of DQ service providers to survive, without billing services being provided by network operators, would suggest that their business models are not sustainable and that change to the current regime would be inappropriate. Oftel does not consider this to be a persuasive argument (for example, all network operators are currently involved in revenue sharing schemes including premium rate services.)

B.51 Oftel expects that all network operators should enter negotiations to make the new number range available to all customers on their networks. By reaching the appropriate billing arrangements with independent DQ service providers, network operators will maximise benefits to their customers by providing them with the widest possible choice.